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ELIAS C. ALVORD (1942)
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November 24, 2004

RECORDATION NO.

25136-B

FILED

NOV 24 '04

12:13 PM

SURFACE TRANSPORTATION BOARD

OF COUNSEL
URBAN A. LESTER

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Master Lease Agreement (Rider No. 3), dated as of November 11, 2004, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Master Lease Agreement previously filed with the Board under Recordation Number 25136.

The names and addresses of the parties to the enclosed document are:

Lessor:	Babcock & Brown Rail Funding LLC 230 Park Avenue, 32nd Floor New York, New York 10169
Lessee:	Union Pacific Railroad Corporation 1416 Dodge Street Omaha Nebraska 68179-0001

Mr. Vernon A. Williams
November 24, 2004
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A description of the railroad equipment covered by the enclosed document
is:

180 covered hopper cars: CMO 10000 – CMO 10179.

A short summary of the document to appear in the index is:

Memorandum of Master Lease Agreement (Rider No. 3).

Also enclosed is a check in the amount of \$32.00 payable to the order of
the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the
undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

Memorandum of a Master Lease Agreement effective as of August 6, 2004 and Rider No. 03 thereto effective as of November 11, 2004, by and between Babcock & Brown Rail Funding LLC, a Delaware limited liability company (the "Lessor") and Union Pacific Railroad Company, a Delaware corporation (the "Lessee").

WITNESSETH:

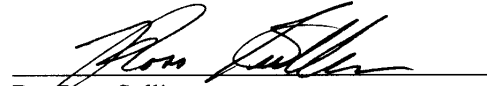
1. Lessor has agreed to furnish to Lessee, and the Lessee has agreed to lease from Lessor one hundred eighty (180), 5200 CF food grade covered hopper railcars with six (6) 30" round fiberglass hatches and three (3) stainless steel 30" x 30" gravity pneumatic outlet gates, AAR car type code C614, manufactured by American Railcar Industries in 2004, marked and numbered CMO 10000-10179, inclusive.
2. The Master Lease Agreement and Rider No. 03 shall be effective as of November 11, 2004, and shall be subject to the Term, as described in the Master Lease Agreement and Rider No. 03.

This Memorandum of Master Lease Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by their respective corporate officers as of the date and year first above written.

LESSOR: BABCOCK & BROWN RAIL FUNDING LLC

A handwritten signature in black ink, appearing to read "Ross Sullivan", is written over a horizontal line.

By: Ross Sullivan
Title: Vice President

LESSEE: UNION PACIFIC RAILROAD COMPANY

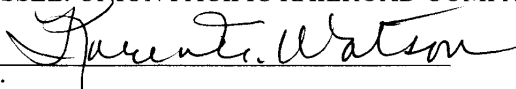
By: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by their respective corporate officers as of the date and year first above written.

LESSOR: BABCOCK & BROWN RAIL FUNDING LLC

By: _____
Title: _____

LESSEE: UNION PACIFIC RAILROAD COMPANY


By: _____
Title: **Karen A. Watson**
General Director-
Mechanical Purchasing

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN FRANCISCO)

On this 11th day of November, 2004, before me personally appeared Ross Sullivan, to me personally known, who being by me duly sworn, says that he is the Vice President of Babcock & Brown Rail Funding LLC, that the foregoing instrument was signed on behalf of said limited liability company, and he acknowledged that the execution of the said instrument was his free act and deed.

Heidi Wagner
NOTARY PUBLIC

My commission expires: June 4, 2006



STATE OF NEBRASKA)
) ss.
COUNTY OF DOUGLAS)

On this ____ day of November, 2004, before me personally appeared _____, to me personally known, who being by me duly sworn, says that s/he is the _____ of Union Pacific Railroad Company and that the foregoing instrument was signed on behalf of said corporation, and s/he acknowledged that the execution of the said instrument was her/his free act and deed.

NOTARY PUBLIC

My commission expires: _____

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN FRANCISCO)

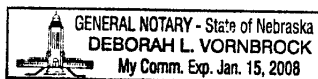
On this ____ day of November, 2004, before me personally appeared _____, to me personally known, who being by me duly sworn, says that s/he is the _____ of Babcock & Brown Rail Funding LLC, that the foregoing instrument was signed on behalf of said limited liability company, and s/he acknowledged that the execution of the said instrument was her/his free act and deed.

NOTARY PUBLIC

My commission expires: _____

[illegible]

On this 11th day of November, 2004, before me personally appeared Karen Watson, to me personally known, who being by me duly sworn, says that s/he is the General Director - Mech. Purchasing of Union Pacific Railroad Company and that the foregoing instrument was signed on behalf of said corporation, and s/he acknowledged that the execution of the said instrument was her/his free act and deed.



Deborah L. Conzbruck
NOTARY PUBLIC

My commission expires: 1/15/08